

Keeping new year resolutions

A few tips to improve your financial profile in 2014

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New Year resolutions are made every year, but they are easily forgotten within the first few months. For instance, you could start the year by promising not to buy yet another insurance scheme for meeting tax needs. But as March-end approaches and in the rush to file returns, you might end up adding another insurance scheme.

This year, try and change all that. First of all, have a look at your list of resolutions in the area of personal finance. Is the list too long? Is it realistic? A few things done right is much better than having a long list of pending things to do. Trim your list. Focus on the things that are going to make a major impact

on the way you want your life to be. Then get down to getting those things done.

If you don't have a written financial plan for yourself, get one. Either do it yourself or hire a planner to do it for you. This one step will get many other things in place and help you stick to your resolutions for life. Your planner can act as your buddy in keeping you on track at all times. If you are doing a plan yourself, ensure that you involve your family too. This will keep you focused and accountable. Another option is to have a money buddy — he could be your friend or colleague who is looking at improving his financial life too. Accountability of actions will prompt you to actually act and keep things going. A financial

planner can not only give you a roadmap for financial peace but will also ensure that you are on track. A quarterly/half-yearly/annual review will ensure that you are up to date with your finances, which are very easy to lose track of.

Keep it simple, keep it visible: Create a chart or a pictorial representation of what you wish to achieve. Keep it in front of you, pinned to a softboard, or as your wallpaper on your laptop. It will help you remember what you are working towards and keep you motivated.

One small step at a time: Break down the bigger tasks into smaller tasks and take it one step at a time. Every small success will motivate you to move on and ultimately achieve your goal.

Keep timelines: Keep weekly/fortnightly deadlines for each task and stick to those deadlines. Else things will never get done. Try and use technology to automate things in the area of personal finance. If things get done on auto mode, they are more likely to get done rather than if they are dependent on action from your side all the time.

Investing: If you have decided to start or increase your investments this should help you. Decide on the amount that you want to save every month. Start one or multiple SIPs (systematic investment plans) for this. Do not keep the period of the SIP less than three years. Take help of your financial planner for deciding how much and where to invest. Once the

EASY WAYS TO SAVE

- Break down the bigger goal into smaller tasks
- Save through systematic investment plans
- Use recurring deposits to save for a large payment
- Gives ECS debit mandates for utility bill payments

SIP is set, the money will automatically move away from your account without you having to do anything at all. At the end of it you will realise how much you have saved by this one small and simple step.

Use recurring deposits as a tool to automate your savings towards a large payment to be done anytime during the year.

Most mutual funds have started providing SMS option for investing and redemptions. Sign up for one. You can use this to move any surplus lying in your

account to funds of your choice.

Insurance: You have been dithering about increasing your life and health insurance. If you have your written financial plan ready, you will know the amount and the scheme that you need to choose. Go ahead, buy the plan and set up an ECS debit mandate from your account for the premium payment. Lo and behold, you are set!

Taxation: You would have automatically built some tax savings by signing up for your life insurance and health insurance plans. Balance will be usually covered by your PF contribution which again happens through your employer's action. If there is still scope for doing some tax saving investments, built it to be done every month starting from April.

Saving time: Many things can be automated to help you save your time. Go ahead and gives ECS debit mandates for your utility bill payments. Most

service providers give a one per cent discount for bill payment through ECS and other online modes. You can also use bill payment services through your bank's internet banking services. Most banks offer payment to utility service providers through their websites.

Ensure that all your income is directly credited to your bank account. This should include your salary, dividend income, rental income and any other income. You can ensure this by having proper account details updated with the income payer. This will save time for you by avoiding trips to the bank.

Reminders: Set up reminders for keeping sufficient balance in your accounts for payments of all your dues, using online calenders. Calenders can provide email reminders and pop-ups at predetermined times to keep you on track.

Documentation: You can use simple options like creat-

ing filters in your email to keep your documents sorted. First of all, opt for email form of communication from your bank, mutual funds, insurers etc. This way you will have soft copies of all documents in your mailbox, which is much easier to sort than physical documents. You can set up filters and tags/labels in such a way that one type of email is bunched together for easy retrieval. For example, an email statement received from your bank can be nested under one label. The filter will ensure that all such mails automatically get nested together. Similarly you can do this for multiple bank statements, credit card statements, email intimation of your investments in mutual funds, your insurance premium reminders etc.

These simple but effective steps will help you to stick to your resolutions this year.

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